(or are lightly regulated) and not required to report in-service customer counts. Independent research houses have addressed this issue by conducting primary customer research to quantify competitive telecommunications dynamics. For example, TNS Telecoms ("TNS"), an independent research firm, conducts a quarterly "share" analysis in each of the states to estimate competitors' shares of the residential telecommunications markets and to provide insights into the changes in competitive trends. In conducting its study, TNS collects actual billing information from a statistically-reliable sample of customers in each state[4] and tabulates the number of residential customers subscribing to Qwest service (landline, DSL or wireless) as well as services of non-Qwest landline and wireless competitors. TNS uses this data to calculate "shares of customer connections" (excluding video connections) for each service provider in the consumer telecommunications market.[5] In calculating "connections shares," TNS defines a "connection" as any telecommunications service used by the customer. A residential access line, a wireless service and a broadband Internet line used by a customer would each be counted as a discrete "connection" under TNS' definition. For example, a customer with Qwest landline service and Verizon Wireless service would be counted as having two "connections." In fourth Quarter 2000, TNS reported Qwest's share of residential communications connections in the Qwest Region at 59%. In second Quarter 2005, Qwest's share of residential

[4] In Qwest's 14-state territory, the TNS sample is drawn strictly from exchanges within the Qwest service area footprint and does not include data from Independent service territory.
[5] TNS Telecoms does not conduct a "connections share" analysis for the business market.

communications connections declined to 36%.[6] Clearly, this data confirms that consumers in the Qwest Region are finding alternative means of satisfying their telecommunications needs.

4. Qwest's wireline competitors have utilized a variety of means of delivering telephone services to their customers, including resale of Qwest retail services, use of Unbundled Network Elements ("UNE") and use of competitive local exchange carrier ("CLEC")-owned switching and loop facilities. Recently, the federal rules governing CLEC use of certain wholesale elements of Qwest's network were modified. On February 4, 2005, the FCC issued its *Triennial Review Order on Remand* which found that CLECs are not competitively impaired without access to local switching as an UNE and that the Unbundled Network Element-Platform ("UNE-P") wholesale service, which includes local switching, need no longer be offered by RBOCs after a one-year "phase-out" period. However, Qwest has made available a UNE-P replacement product entitled Qwest Platform Plus ("QPP"), which is a contract offering available to the CLEC community on a non-discriminatory basis at commercial, negotiated rates enabling CLECs to continue to utilize Qwest's network on a wholesale basis once UNE-P is discontinued. While the QPP service is not priced on a TELRIC basis, the negotiated rates provide a fair opportunity for CLECs to continue to utilize Qwest's network in providing competitive telecommunications services. As of

[6] Source: TNS Telecoms, September 1, 2005.

September 1, 2005, over 90 CLECs have executed QPP contracts with Qwest,[7] representing well over 90% of the combined total of QPP and UNE-P lines currently in service in Qwest's Region. In effect, this means that resale, UNE-loop, QPP and facilities bypass competition all remain viable means by which CLECs may compete with Qwest's retail local exchange services.

5. In the following sections, I address the different forms of competition that Qwest faces in its 14-state region including competition from wireline, wireless and VoIP providers.

Wireline CLECs

6. A wide range of CLECs are now actively offering competitive services to residential and business customers in Qwest's Region via a range of service platforms including resale, use of wholesale network elements purchased from Qwest and use of CLEC-owned switching and/or loop facilities. The number of CLEC end-user access lines has grown exponentially since 2000. According to the latest FCC Local Telephone Competition report,[8] CLEC access lines in the 14 Qwest "in-region" states have increased from 1,323,694 in June 2000 to 3,622,188 in December 2004, an increase of over 2,298,000 lines (an increase of

[7] http://www.qwest.com/wholesale/clecs/commercialagreements.html.
[8] Local Telephone Competition Report, Table 8, released July, 8, 2005.

174%). State-specific data underlying these totals is summarized in Table 1 below:

TABLE 1:
END-USER SWITCHED ACCESS LINES SERVED BY
REPORTING COMPETITIVE LOCAL EXCHANGE CARRIERS

State	June 2000	December 2004	Difference	% Increase
Arizona	155,657	792,272	636,615	409%
Colorado	204,608	473,193	268,585	131%
Idaho (1)	33,864	47,442	13,578	40%
Iowa	140,706	195,144	54,438	39%
Minnesota	230,789	609,495	378,706	164%
Montana (1)	17,473	20,401	2,928	17%
Nebraska (2)	144,229	216,377	72,148	50%
New Mexico (3)	N/A	76,443	76,443	N/A
North Dakota (4)	25,039	20,478	(4,561)	-18%
Oregon	58,699	317,675	258,976	441%
South Dakota (5)	49,243	64,784	15,541	32%
Utah	79,034	286,966	207,932	263%
Washington	184,353	501,518	317,165	172%
Wyoming (6)	N/A	N/A	N/A	N/A
Total	1,323,694	3,622,188	2,298,494	174%

Notes: Source of data - FCC Local Telephone Competition Report: Status as of December 1, 2004. Industry Analysis and Technology Division, Wireline Competition Bureau, Table 8, July 8, 2005.

(Carriers with under 10,000 lines in a state were not required to report.)

(1) Data not available for June 2000. Data was withheld to maintain firm confidentiality. June 2003 data used.

(2) Data not available for June 2000. Data was withheld to maintain firm confidentiality. December 2001 data used.

(3) Data not available for June 2000. Data was withheld to maintain firm confidentiality.

(4) Data not available for June 2000. Data was withheld to maintain firm confidentiality. December 2003 data used.

(5) Data not available for June 2000 and December 2004. Data was withheld to maintain firm confidentiality. June and December 2003 data used.

(6) Data not available. Data was withheld to maintain firm confidentiality.

7. It is clear that a significant proportion of the loss Qwest has experienced in its access line base discussed above is attributable to the success of CLECs in Qwest's Region. A wide range of CLECs are now active in Qwest's region, including carriers with a multistate footprint, including traditional wireline CLECs such as AT&T, Eschelon, McLeod, MCI, SBC, Sprint, Time Warner, XO, Xspedius and Trinsic (formerly Z-Tel) as well as a number of regional and local carriers and cable-based CLECs such as Comcast and Cox Communications.[9]

Wireless

8. Wireless service has become a mainstream telecommunications option in Qwest's Region, and the number of wireless subscribers in Qwest's Region has increased from 12,039,618 in June 2000 to 22,000,795 in December 2004 (an increase of over 9.9 million)[10] and now exceeds the number of Qwest residential and business lines in service. Table 2 below summarizes the FCC's mobile wireless subscriber data for each of the 14 Qwest states:

[9] *See* public web sites of listed carriers.
[10] FCC Local Telephone Competition Report, Table 13, released July 8, 2005.

Table 2

	MOBILE WIRELESS TELEPHONE SUBSCRIBERS				
	State	June 2000	December 2004	Difference	% Increase
	Arizona	1,624,668	3,299,222	1,674,554	103%
	Colorado	1,654,989	2,808,195	1,153,206	70%
	Idaho	296,066	705,948	409,882	138%
	Iowa	975,629	1,557,542	581,913	60%
	Minnesota	1,595,560	2,973,126	1,377,566	86%
	Montana (1)	279,349	373,947	94,598	34%
	Nebraska	600,885	1,045,810	444,925	74%
	New Mexico	395,111	987,813	592,702	150%
	North Dakota (2)	245,578	373,445	127,867	52%
	Oregon	1,082,425	2,029,224	946,799	87%
	South Dakota (3)	278,646	428,513	149,867	54%
	Utah	692,006	1,345,205	653,199	94%
	Washington	2,144,767	3,770,602	1,625,835	76%
	Wyoming (4)	173,939	302,203	128,264	74%
	Total	12,039,618	22,000,795	9,961,177	83%
Note:	Source of data - FCC Local Telephone Competition Report:				
	Status as of December 31, 2004. Industry Analysis and Technology				
	Division, Wireline Competition Bureau, July 8, 2005. Table 13.				
	(Carriers with under 10,000 lines in a state were not required to report.)				
	(1) Data not available for June 2000 and 2004. Data was withheld to maintain firm confidentiality. December 2001 and 2003 data used.				
	(2) Data not available for June 2000. Data was withheld to maintain firm confidentiality. June 2002 data used				
	(3) Data not available for June 2000. Data was withheld to maintain firm confidentiality. December 2001 data used.				
	(4) Data not available for June 2000. Data was withheld to maintain firm confidentiality. June 2001 data used.				

It should be noted that Qwest Wireless subscriber counts are included in the totals in Table 2 above. However, Qwest Wireless accounts for only a small proportion of the overall wireless market. According to data reported in the FCC's annual report regarding the status of competition in the commercial mobile services market, Qwest Wireless had less than 1% of the wireless market at the end of 2004.[11]

9. It is noteworthy that the number of wireless subscribers now exceeds the combined number of ILEC and CLEC access lines in Qwest's Region, and an increasing number of wireless subscribers are using wireless service as their primary telecommunications service. In its Annual CMRS Competition Report (FCC 04-216), the FCC reported that the number of wireless subscribers that had completely "cut the cord" (rely solely on wireless service for their telecommunications needs) had increased to 5%-6% of the wireless subscriber base.[12] This figure does not include wireless subscribers who have shifted some or most of their telephone usage from traditional wireline telephone service to

[11] FCC 04-216, WT Docket No. 05-71, *Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services,* released September 30, 2005.

[12] Some wireless providers specifically market their services as a complete substitute for traditional landline telephone services. For example, Cricket Communications (a subsidiary of Leap Wireless), which serves 20 states including the Qwest in-region states of Washington, Oregon, Idaho, Utah, Arizona, Colorado, New Mexico and Nebraska, announced March 14, 2005 that "52 percent of its Cricket customers have cut the cord and no longer have traditional landline phone service at home." *Leap Blows Away Industry Average for Landline Displacement; 52 Percent of its Cricket Customers Say They Do Not Have Landline Phone Service at Home,* Cricket Press Release, March 14, 2005.

wireless service,[13] nor does it include customers who have disconnected an additional access line in favor of wireless service but continue to maintain a single telephone line.

Wireless carriers are focusing on gaining share from ILECs, such as Qwest. On June 8, 2005, Sprint announced that it will spin off its traditional landline telephone business and focus exclusively on expanding its wireless operations. Sprint plans to roll out an ad blitz encouraging its customers to "cut the cord" and abandon landline phones and plans to spend nearly $3 billion on its network to get better signals into buildings so that going all-wireless will be more appealing to customers.[14]

Furthermore, industry experts anticipate that the wireless substitution trend will continue. A recent study by the Yankee Group found that "nearly 64% of U.S. households have both a wireless phone and a landline phone" and "40% of U.S. households with both wireless and landline phones expect their wireless phones to completely replace their landline phones."[15]

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[13] Sprint Wireless reports that 21% of its wireless subscribers use their wireless cell phones as the primary telephone line. (http://.seattletimes.nwsource.com/cgi-bin, visited June 8, 2005).

[14] *Sprint Prepares to Cut the Cord,* The Washington Post, June 6, 2005.

[15] The Success of Wireline/Wireless Strategies Hinges on Delivering Consumer Value (Yankee Group, October 2004).

10. According to carriers' public web sites, the following major wireless carriers (excluding Qwest Wireless) are now providing service in Qwest's Region: Alltel, Cingular/AT&T Wireless, Cricket, Nextel/Sprint, T-Mobile, Verizon Wireless and Western Wireless, in addition to a number of regional wireless carriers. Even though many wireless customers who have "cut the cord" tend to be under 30 with mobile lifestyles who value convenience features (such as Voice Messaging and Call Waiting) and who regularly use long distance services, wireless service is a reasonable service alternative for large numbers of customers who do not match this profile.

11. It is now evident that a residential customer can find attractively-priced wireless service options that are reasonable alternatives to landline service. For example, a Qwest residential customer in Arizona would pay $13.18 for a standard residential line, $6.95 for Voice Messaging and $6.30 for the Federal End User Common Line Charge ("EUCL"), for a monthly total of $26.43. In contrast, T-Mobile's National Basic Rate Plan is priced at $19.99 and includes Voice Messaging, 60 "whenever" minutes and 500 weekend minutes in addition to Caller ID, Conference Calling, Call Waiting, Voice Messaging and Call Hold.[16] In this example (which is also typical of options available from other wireless carriers), a customer could save over $6.00 by utilizing wireless service in lieu of traditional landline service. A wide range of factors may come into play when customers

[16] www.t-mobile.com/plans/NationalRatePlanDetails.asp?PlanID=3182. (visited November 3, 2005).

consider whether or not to substitute wireless service for landline telephone service, such as call transmission quality, the customer's local/long distance calling habits, the ability to retain a pre-existing telephone number,[17] price differences, etc. However, in terms of price, there is no question that wireless service is an increasingly viable alternative to traditional landline telephone service.

12. Recent research by In-Stat MDR[18] examined the reasons underlying loss of access lines by the RBOCs and found that much of this loss is attributable to:

- Consumers using their wireless phone as their primary voice service are getting rid of their wireline phone service.
- Consumers getting rid of their secondary phone line. This trend has increased as households that used to have two phone lines to support dial-up are now migrating to broadband. Increased household wireless service penetration has also contributed to the decline in secondary phone lines.

In another study regarding the competitive impacts of wireless services in telecommunications markets, the Yankee Group predicted that "by 2009, 13.6% of U.S. households will cut the cord"[19] and concludes that continued improvements in wireless quality and coverage will cause wireline and wireless services to grow increasingly substitutable for one another. This study also addresses the impact of demographics on this trend. In particular, the Yankee

[17] Wireless telephone number portability was implemented in November 2003. Landline customers now have the option of retaining their existing telephone number when converting to wireless service.
[18] *Wireline in Decline: U.S. Wireline Services 2004*, In-Stat MDR, December 2004, p. 21.
[19] *Youth Market Will Drive Wireless-Only Households,* the Yankee Group, December 20, 2004.

Group finds that younger adults (ages 18 to 24) "have developed calling patterns that center on the wireless phone," and this segment often has no need for a wireline phone.[20] As this youth segment ages, its "wireless" predisposition will fuel the continued trend in displacement of traditional wireline telephone service.

VoIP Telephony

13. Internet-based telephone services are growing at an explosive rate in the U.S. and in Qwest's Region, driven largely by the wide availability of broadband Internet access lines. Currently, cable broadband service is the predominant form of broadband Internet access in the U.S. In fact, the National Cable and Telecommunications Association ("NCTA") reports that over 95% of the 109,590,000 U.S. households with televisions are passed by cable systems now capable of providing broadband cable modem service, and 21,000,000 customers currently subscribe to broadband cable modem service.[21] Since VoIP services typically "ride" on a broadband Internet connection, such as those offered by cable providers, DSL providers or wireless broadband providers, the growth in broadband connections has expanded the market potential of VoIP providers. Since 2000, broadband lines in service in Qwest's Region have increased by a remarkable 743% (*see* Table 3 below). In addition, according to the Yankee

[20] *Id. p.* 2.
[21] http://www.ncta.com/Docs/PageContent.cfm?pageID=86.

Group, the current number of broadband subscribers is expected to double by 2008.[22] Table 3 below contains data drawn from the FCC's High Speed Access for Internet Services report, released in July 2005, and illustrates the dramatic growth in broadband Internet access lines in each state in Qwest's Region:

Table 3

	HIGH SPEED LINES BY STATE				
	(Over 200 kbps in at Least One Direction)				
	State	June 2000	December 2004	Difference	% Increase
	Arizona	111,678	750,882	639,204	572%
	Colorado	64,033	622,611	558,578	8725%
	Idaho	8,070	126,121	118,051	1463%
	Iowa	49,159	266,794	217,635	443%
	Minnesota	65,272	651,934	586,662	899%
	Montana (1)	7,378	72,880	65,502	888%
	Nebraska	44,188	216,780	172,592	391%
	New Mexico	2,929	145,889	142,960	4881%
	North Dakota	2,437	47,957	45,520	1868%
	Oregon	44,186	510,628	466,442	1056%
	South Dakota	3,516	40,286	36,770	1046%
	Utah	19,612	238,205	218,593	1115%
	Washington	118,723	889,368	770,645	649%
	Wyoming (2)	7,856	45,602	37,746	480%
	Total	549,037	4,625,937	4,076,900	743%
Note:	Source of data - High-Speed services for Internet Access:				
	Status as of December 31, 2004. Industry Analysis and Technology				
	Division, Wireline Competition bureau, FCC, July 2005. Table 8.				
	(1) Data not available for June 2000. Data was withheld to maintain				
	firm confidentiality. December 2000 data used.				
	(2) Data not available for June 2000. Data was withheld to maintain				
	firm confidentiality. December 2001 data used.				

[22] *2004 Broadband Subscriber Forecast: Price Erosion Drives Mass Adoption,* The Yankee Group, January 2005, p. 3.

14. At least 50 VoIP providers are now offering service in the U.S.,[23] and this number is continually increasing. This list includes highly visible providers now actively marketing VoIP services in Qwest's Region, such as AT&T,[24] MCI, Packet8, Voiceglo and Vonage as well as a large number of lesser known entrants.[25] The VoIP industry is highly dynamic and is in a strong growth mode with new providers regularly entering the market. Vonage, probably the best known independent VoIP provider, announced on January 5, 2005 that its access line base had doubled in less than six months from 200,000 to 400,000 and announced in September 2005 that it has now has over one million lines in service.[26] Vonage offers a range of plans to residential and small business customers priced from $14.99 to $49.99, with each plan containing a range of complimentary features such as Voicemail, Caller ID, Call Waiting, Call Forwarding, etc.[27]

15. A popular misconception is that VoIP service is not an affordable alternative to Qwest's landline telephone service. If it is assumed that the price of broadband access is not a factor in the VoIP purchase decision (*i.e.*, since it is likely that the customer has purchased a broadband line for Internet access purposes and would retain the line whether or not the customer purchases VoIP), a meaningful price

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[23] www.voip-info.org, visited February 24, 2005.

[24] AT&T projects that it will have over one million VoIP subscribers by the end of 2005. *See* AT&T News Release, *AT&T's CallVantage Service Expands to Serve the Western United States* (May 17, 2004).

[25] Qwest has also launched a VoIP offering for business customers and has announced plans to introduce VoIP services for the consumer market in 2005.

[26] http://www.vonage.com/corporate/aboutus_fastfacts.php

[27] www.vonage.com.

comparison between VoIP and landline services can be made. For example, an Arizona Qwest customer subscribing to Qwest's ChoiceHome[28] service using 90 minutes of long distance calling per month would pay $25.99 for the package, $4.50 for long distance calling (at $0.05 per minute) and $6.30 for the Federal EUCL charge, for a total of $36.79. In contrast, the Vonage Premium Unlimited Plan is available in Arizona at $24.99 per month and includes unlimited local and long distance calling within the U.S. as well as 11 free calling features. Other VoIP providers (*e.g.*, Packet8, Lingo, AT&T, Net2Phone, SunRocket and others) now offer similar packages.[29] Thus, it is clear that VoIP services are now readily available at prices that are directly competitive with Qwest's landline telephone services.

16. Another emerging broadband competitive alternative is Broadband over Power Lines ("BPL"). In addition to multiple active trials of BPL service in states across the country, BPL trials are currently being conducted within Qwest's 14-state region in the communities of Cottonwood, Arizona, Boise, Idaho, Rochester, Minnesota and Chelan, Washington.[30] This technology allows for broadband Internet connections via standard power lines in homes and businesses and has the potential to dramatically expand the availability of broadband connections (and

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[28] Qwest ChoiceHome is a packaged service consisting of a residential access line and three calling features.

[29] http://www.voip-info.org/wiki-VOIP+Service+Providers+Residential.

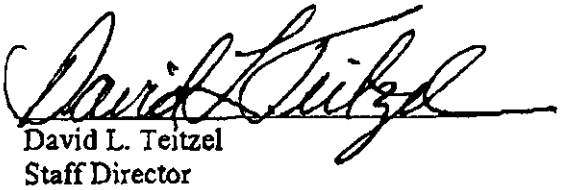
[30] http://www.aarl.org/~eshare/bpl/ex2.html.

thereby the size of the potential VoIP market) even in rural areas where deployment of broadband connections has often lagged urban and suburban areas. This new technology, as well as other emerging technologies such as satellite and wireless broadband services, is an additional indicator of the rapidly changing paradigm in the competitive local exchange telecommunications markets.

Summary

17. Since 2000, Qwest's in-region retail access line base has declined by over 22% as competitive alternatives such as wireline CLEC, wireless and VoIP services have become increasingly viable substitutes for Qwest landline services. New forms of competition are emerging as high quality wireless and satellite broadband services become more widely deployed and as technical trials for services such as BPL are concluded. All of these media can all support voice and data telephony in direct competition with Qwest. It is clear that the telecommunications industry is in the midst of a competitive paradigm change that will continue to bring new and creative communications options to consumers in Qwest's service areas. In a telecommunications market now characterized by vibrant competition, it is clear that Qwest retains little, if any, market power in the provision of local exchange services.

I certify that the forgoing is true and correct to the best of my information and belief.

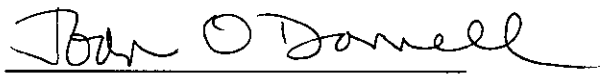


David L. Teitzel
Staff Director
Qwest Services Corporation

Executed on November 22, 2005.

CERTIFICATE OF SERVICE

I, Joan O'Donnell, do hereby certify that I have caused an original and four copies of the foregoing **CORRECTED VERSION** of the **PETITION FOR FORBEARANCE** (the original Petition for Forbearance was filed on November 22, 2005) to be filed with the Secretary of the FCC, and a copy served via e-mail on the FCC's duplicating contractor Best Copy and Printing, Inc. at fcc@bcpiweb.com.



Joan O'Donnell

November 30, 2005